

Updike, Kelly & Spellacy, P.C.

Counselors at Law

Tara A. Scanlon
Hartford (203) 548-2691

One State Street, P O Box 231277
Hartford, Connecticut 06123-1277
Telephone (203) 548-2600
Facsimile (203) 548-2680

RECORDED 18985
SEP 13 1994 2 52 PM
INTERSTATE COMMERCE COMMISSION

0100370016

One Century Tower, 265 Church St.
New Haven, Connecticut 06510-7002
Telephone (203) 787-9007
Facsimile (203) 772-2037

LICENSING BRANCH
SEP 13 2 52 PM '94
OFFICE OF THE CLERK
STATE OF CONNECTICUT

September 2, 1994

InterState Commerce Commission
12th and Constitution Avenue
Washington, D.C. 20423
Attn: Mrs Stokes Room 2303

Dear Mrs. Stokes:

I enclose an original notarized copy of the Security Agreement and the UCC-1 Financing Statement evidencing the lien of The Connecticut Future Fund Limited Partnership (the "Secured Party") in the railroad cars purchased by Stapleton Resource Recycling, Inc. (the "Debtor").

The Secured Party's address is: The Connecticut Future Fund Limited Partnership, One Century Tower, 265 Church Street, New Haven, Connecticut. The Debtor's address is: Stapleton Resource Recycling, INC., 221 Old Gate Lane, Milford, Connecticut.

I also enclose a filing fee in an amount equal to \$18.00.

Please contact David E. Sturgess at (203) 548-2651 with any questions concerning the enclosed.

Thank you for your assistance.

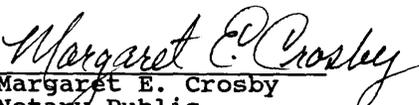
Very truly yours,



TARA A. SCANLON

The attached is a true and correct original executed copy of the security agreement by and between The Connecticut Future Fund Limited Partnership and Stapleton Resource Recycling, Inc.

Dated this 2nd day of September, 1994.


Margaret E. Crosby
Notary Public

MARGARET E. CROSBY
NOTARY PUBLIC
MY COMMISSION EXPIRES NOV. 30, 1996

Updike, Kelly & Spellacy, P.C.

Counselors at Law

David E. Sturgess
Hartford (203) 548-2651

One State Street, P O Box 231277
Hartford, Connecticut 06123-1277
Telephone (203) 548-2600
Facsimile (203) 548-2680

RECORDED & INDEXED

SEP 13 1994 4:55 PM

INTRODUCED BY THE COMMISSION

One Century Tower, 265 Church St.
New Haven, Connecticut 06510-7002
Telephone (203) 787-9007
Facsimile (203) 772-2037

September 14, 1994

Interstate Commerce Commission
12 and Constitution Avenue
Washington, D.C. 20423

Attn: Mrs. Stokes, Room 2303

Dear Mrs. Stokes:

I enclose a copy of a letter dated September 2 from my associate, Tara Scanlon, regarding our delivery to you of an original notarized copy of a Security Agreement and UCC-1 Financing Statement evidencing the lien of The Connecticut Future Fund Limited Partnership in railroad cars purchased by Stapleton Resource Recycling, Inc.

I received a call from Mrs. Fort at your office indicating that we also needed to enclose copies of the original filing documents.

Accordingly, copies of those documents are also enclosed.

Thanks for your help.

Very truly yours,


DAVID E. STURGESS

DES/wmw
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

9/19/94

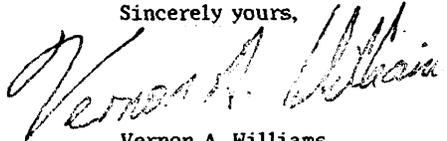
OFFICE OF THE SECRETARY

Tara A. Scanlon
Updike, Kelly & Spellacy, PC
One State Street
P. O. Box 231277
Hartford, Connecticut 06123-1277

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/19/94 at 2:55PM, and assigned recordation number(s) 18985.

Sincerely yours,



Vernon A. Williams
Acting Secretary

Enclosure(s)

(0100370016)

\$ 18:00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



RECORDED 18985
FILED 1994
SEP 19 1994 2 55 PM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

This SECURITY AGREEMENT (the "Agreement") is made as of this 26th day of August, 1994 by and between the THE CONNTECTICUT FUTURE FUND LIMITED PARTNERSHIP, a Connecticut limited partnership with its principal office at One Century Tower, New Haven, Connecticut (the "Secured Party") and STAPLETON RESOURCE RECYCLING, INC., a Connecticut corporation having a principal office located at 221 Old Gate Lane, Milford, Connecticut (the "Debtor").

WITNESSETH:

WHEREAS, on the date hereof, the Secured Party made a loan to Debtor which Debtor shall use to purchase certain rail road cars (the "Loan") which Loan is evidenced by a certain Demand Promissory Note executed by Debtor in favor of Secured Party of even date herewith in the original principal amount of \$135,000.00 (the "Note"); and

WHEREAS, the Secured Party has requested that the Debtor agree to provide certain collateral to secure the payment and performance of the Debtor's obligations to the Secured Party under the Note and the Debtor has agreed to provide said collateral;

NOW, THEREFORE, in consideration of the foregoing and of the covenants set forth herein, the Secured Party and the Debtor hereby agree as follows:

ARTICLE I

COLLATERAL

Section 1.1. Grant and Description. As security for the Debtor's obligations under the Agreement and the Note, the Debtor hereby assigns, pledges and grants to the Secured Party a continuing lien and security interest in the railroad cars and rolling stock purchased by Debtor on the date hereof as more particularly, listed and described in Schedule A attached hereto (the "Collateral").

ARTICLE II

OBLIGATIONS SECURED

Section 2.1. Obligations Secured. The Collateral and the power of collection pertaining thereto shall secure the prompt and complete payment and performance of any and all obligations of the Debtor to the Secured Party prior to, on or after the date hereof, and specifically including but not being limited to the unpaid principal amount outstanding at any time under the Note, as applicable, plus all accrued and unpaid interest thereunder, together with all fees, expenses, commissions, charges, penalties, and other amounts owing or chargeable by the Secured Party under the Note, whether any of the foregoing are direct or indirect, joint or several, absolute or

contingent, due or to become due, now existing or hereafter arising, no matter how or when arising and whether under any present or future agreement or instrument or otherwise, whether or not evidenced by a writing (collectively, the "Obligations").

ARTICLE III

DUTIES OF THE DEBTOR REGARDING COLLATERAL

Section 3.1. Duties of the Debtor Regarding Collateral. At all times hereafter the Debtor agrees that it shall:

(a) Preserve the Collateral in good condition and order and not permit it to be abused or misused;

(b) Not allow any of the Collateral to be affixed to real estate, except for any property deemed to be fixtures;

(c) Maintain good and complete title to the Collateral;

(d) Keep the Collateral free and clear at all times of all other security interests, liens, or encumbrances of any kind, including, without limitation, any lien arising as a result of the Debtor's failure to pay any and all taxes or governmental assessments or charges of any kind whatsoever;

(e) Except as otherwise expressly provided herein, refrain from selling, assigning or otherwise disposing of any of the Collateral or moving or removing any of the Collateral without the prior written consent of the Secured Party, or until all of the Debtor's obligations have been paid in full;

(f) Permit the Secured Party to inspect all books and records of the Debtor relating to the Collateral on a monthly basis, upon reasonable prior notice to the Debtor; and

(g) Notify the Secured Party of any material change in any fact or circumstance warranted or represented by the Debtor herein or furnished in connection herewith to the Secured Party or if any Event of Default (as defined herein) occurs.

(h) Keep the Collateral insured against fire and other risks.

(i) Deliver a certificate of insurance on the Collateral to the Secured Party upon the request of the Secured Party.

(j) Pay and discharge any taxes relating to the Collateral.

ARTICLE IV

DEFAULT

Section 4.1. Defined. The occurrence of any of the following events shall constitute a default under this Agreement (an "Event of Default"):

(i) The failure of the Debtor to perform or comply with any material act, duty or obligation required to be performed under Section 3.1 of this Agreement;

(ii) If any of the representations or warranties of the Debtor set forth in Section 6.1 of this Agreement shall prove to be incorrect in any material respect when made;

(iii) If any material portion of the Collateral shall be damaged, destroyed or otherwise lost and such damage, destruction or loss is not covered by insurance;

(iv) If any material portion of the Collateral is levied upon, seized, attached or garnished; or

(v) If an Event of Default as defined in the Note should occur.

Section 4.2. Notice. If an Event of Default should occur, the Debtor hereby agrees to give notice thereof to the Secured Party within five (5) business days.

ARTICLE V

REMEDIES

Section 5.1. In General. If an Event of Default shall have occurred hereunder, the Secured Party may, at its sole option, without notice or demand, declare the Obligations to be immediately due and payable. As to any Collateral, the Secured Party shall have the rights and remedies of any secured creditor under the Uniform Commercial Code as in effect, from time to time, in Connecticut.

Section 5.2. Required Acts. Upon the occurrence of an Event of Default, Secured Party may, subject to the rights of the holder of any senior security interest or lien in the Collateral, require the Debtor to take the following action:

(a) Endorse and/or assign any and all documents evidencing any Collateral to the Secured Party and notify any payors that said documents have been so endorsed and that all sums due and owing pursuant to them should be paid directly to the Secured Party.

(b) Turn over to the Secured Party all documents evidencing any right to collection of any sums due the Debtor arising from or in connection with any of the Collateral.

(c) Mark or stamp all invoices with a similar legend satisfactory to the Secured Party so as to indicate that the same must be paid directly to the Secured Party.

Section 5.3. Right to Take Possession. Without notice, demand or legal process of any kind, Secured Party may, subject to the rights of the holder of any senior security interest or lien in the Collateral, take possession of any or all of the Collateral (in addition to Collateral of which it already has possession), wherever it may be found, and for that purpose may pursue the same wherever it may be found, and may, if the same may be accomplished without being deemed to be a breach of the peace, enter into any of Debtor's premises where any of the Collateral may be or is supposed to be, and search for, take possession of, disable, remove, keep and store any of the Collateral until the same shall be sold or otherwise disposed of, and Secured Party shall have the right to store the same in any of the Debtor's premises without cost to Secured Party. Secured Party may require Debtor to assemble all or any part of the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties, where the Collateral may, at Secured Party's option, remain at Debtor's expense pending sale or disposition thereof. Unless the Collateral is perishable or threatens to decline speedily in value or is a type customarily sold on a recognized market, the Secured Party will give the Debtor at least ten (10) days' prior written notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. Any such notice shall be deemed to meet any requirement hereunder or under any applicable law (including the Uniform Commercial Code) that reasonable notification be given of the time and place of such sale or other disposition. After deducting all costs and expenses of collection, storage, custody, sale, or other disposition and delivery (including legal costs and attorneys' fees) and all other charges against the collateral, the residue of the proceeds of any such sale or disposition shall be applied to the payment of the Obligations in such order of priority as the Secured Party shall determine and any surplus shall be returned to the Debtor or to any person or party lawfully entitled thereto (including, if applicable, any subordinated creditors of the Debtor.) In the event the proceeds of any sale, lease or other disposition of the Collateral hereunder are insufficient to pay all of the Obligations in full, the Debtor will be liable for the deficiency, together with interest thereon at the maximum rate provided in the Note, and the cost and expenses of collection of such deficiency, including reasonable attorneys' fees, expenses and disbursements.

ARTICLE VI

WARRANTIES

Section 6.1. Warranties. The Debtor represents and warrants:

(a) That it is the owner of and has good and marketable title to the Collateral secured hereby;

(b) That it has not granted, nor will it grant a security interest in the Collateral to any other individual or entity and that such Collateral is free and clear of any mortgage, pledge, lease,

trust, bailment, lien, security interest, encumbrance, charge or other arrangement;

(c) That it has the authority and capacity to perform its obligations hereunder.

ARTICLE VII

WAIVERS

Section 7.1. Waivers. The Debtor waives any right to require the Secured Party to (a) proceed against any person, including the Debtor or any guarantor, (b) proceed against any other collateral under any other agreement, (c) pursue any other remedy in the Secured Party's power, and (d) make presentment, demand, dishonor, notice of dishonor, acceleration and/or notice of non-payment.

Section 7.2. Waiver of Defense. The Debtor waives any defense which it may have to the exercise by correct on form of its rights under this Agreement, other than payment in full of the obligations.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Attorney-in-Fact. The Debtor appoints the Secured Party its true attorney-in-fact to perform any of the following powers, which are irrevocable until termination of this Agreement and may be exercised, from time to time, by the Secured Party's officers and employees or any of them in the event of a default hereunder or under the Note: (i) to perform any obligation of the Debtor hereunder in the Debtor's name or otherwise; (ii) to liquidate any time deposit held hereunder as Collateral prior to its maturity date and to apply proceeds thereof to payment of the Obligations, notwithstanding the fact that such liquidation may give rise to federal penalties for early withdrawal of funds from a time deposit, (iii) to collect by legal proceedings or otherwise all dividends, interest, principal or other sums now or hereafter payable upon or on account of the Collateral, to accept other property in exchange for the Collateral, and to do and perform such acts and things as secured party may deem proper, and any money or property received in exchange for the Collateral may be applied to the obligations to the Secured Party or held by the Secured Party under this Agreement, (v) to make any compromise or settlement the Secured Party deems desirable or proper in respect of the Collateral, and (vi) to insure, process and preserve the Collateral.

Section 8.2. Future Cooperation. The Debtor hereby agrees to promptly execute and deliver any and all documents and to take such future action as the Secured Party may reasonably request to establish, perfect and maintain the priority of the lien and security interest in the Collateral as herein provided, including, without limitation, the filing of financing or continuation statements, or amendments thereto.

Section 8.3. Expenses. The Debtor shall be liable to pay, five (5) days following demand, all costs and expenses, including reasonable attorney's fees and expenses, incurred by the Secured Party in administering, enforcing, collecting or realizing upon any of the obligations of the Collateral or in taking any action necessary to preserve and protect its security interest in the Collateral, and all expenses in connection with the establishment of this Agreement

Section 8.4. Commercial Transaction. The Debtor acknowledges that the Obligations referred to herein are commercial transactions within the meaning of Chapter 903(a) of the Connecticut General Statutes and further waives his rights to notice of hearing under said Chapter or as may otherwise be required by any law with respect to any pre-judgment remedy which the Secured Party may seek or be permitted to use.

Section 8.5. Waiver of Jury Trial. THE DEBTOR HEREBY WAIVES TRIAL BY JURY IN ANY COURT IN ANY SUIT, ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTION OF WHICH THIS AGREEMENT IS A PART AND/OR THE ENFORCEMENT OF ANY OF ITS RIGHTS AND REMEDIES. THE DEBTOR ACKNOWLEDGES THAT it MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY AND ONLY AFTER CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER WITH HIS ATTORNEY.

Section 8.6. Governing Law. It is intention of the parties and it being expressly understood that this Agreement and the rights hereto are expressly governed by and are to be enforced in accordance with the laws of the State of Connecticut.

Section 8.7. Bind and Inure. All rights and remedies of the parties under this Agreement and in connection with the Collateral shall inure to any assignee or successor of the Secured Party. All obligations of the Debtor shall bind his successors and assigns.

Section 8.8. Notices. All notices, requests or demand to or upon a party to this Agreement shall be given or made by the other party hereto in writing and by depositing in the mails postage prepaid, return receipt requested addressed to the addressee at the address set forth in the recitals of this Agreement. No other method of giving any notice, request or demand is hereby precluded provided such shall not be deemed given until such notice is actually received at the address of the addressee.

Section 8.9. Amendments. This Agreement may not be amended except by a writing signed by the parties hereto.

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Agreement as of the date first above written.

SECURED PARTY:
THE CONNECTICUT FUTURE FUND LIMITED
PARTNERSHIP

James R. [Signature]

Deborah A. [Signature]

By:

[Signature]
Its *Gen Partner*

DEBTOR:
STAPLETON RESOURCE RECYCLING, INC.

James R. [Signature]

Deborah A. [Signature]

[Signature]

STATE of Connecticut
COUNTY of New Haven, at New Haven

On this the 29th day of July, 1994, before me, personally appeared Rich Wills who acknowledged himself to be the President of Stapleton Resource Recycling, Inc., a Connecticut corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained as his free act and deed and the free act and deed of the corporation, by signing the name of the corporation by himself as President.

In Witness Whereof I hereunto set my hand and official seal.



Notary Public

JEANNE V. P. WOODS
NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 31, 1998

STATE of Connecticut
COUNTY of New Haven, at New Haven

On this the 29th day of July, 1994, before me, personally appeared James F. Donnelly who acknowledged himself to be the General Partner of Marsh Point Partners II, the General Partner of The Connecticut Future Fund, L.P., a Connecticut limited partnership, and that he, as such General Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained as his free act and deed and the free act and deed of the limited partnership, by signing the name of the limited partnership by himself as General Partner.

In Witness Whereof I hereunto set my hand and official seal.



Notary Public

JEANNE V. P. WOODS
NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 31, 1998

SCHEDULE A
COLLATERAL

HOT

Reading Blue Mountain and Northern Railroad Company

P. O. Box 218

Port Clinton, PA 19549

(215) 562-2100

FAX
Rich Wills
Tom

Fax No.

(215) 562-7593

FAX DATA FORM

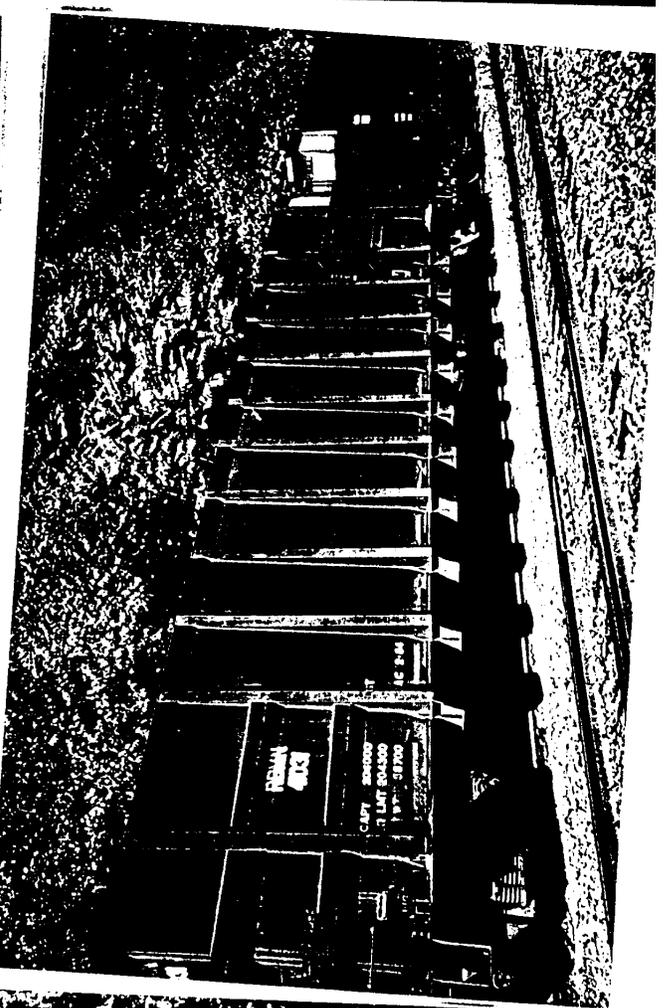
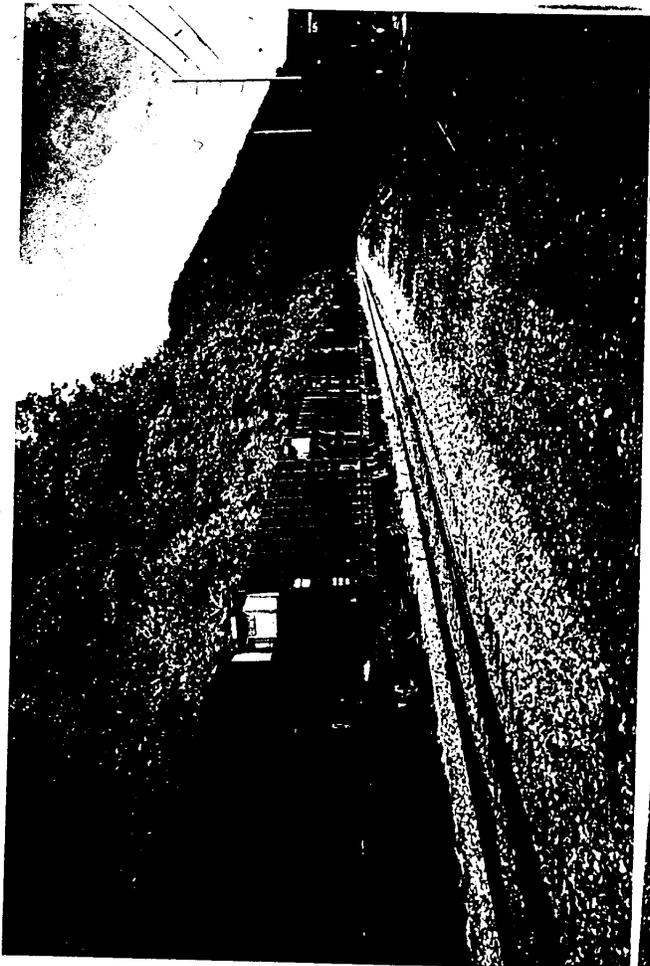
DATE: 7/28/94 FAX NO: 1
TO: MR. TOM SCHOONMAKER
COMPANY: _____
FROM: READING & NORTHERN RAILROAD.
NUMBER OF PAGES (include cover sheet): 1



MESSAGE: TOM, UNABLE TO CONTACT MR. WILLS
REGARDING 9 CARS FOR SALE. PLEASE
BE AWARE UNLESS MONIES ARE WIRED
TO OUR ACCOUNT BY FRIDAY JULY 29TH THE
CARS WILL NO LONGER BE FOR SALE JULY 31ST.
IF YOU WANT WIRE INFO - CALL KEW @ (610)
562-2100. THERE IS NO OPTION ON THESE CARS.

T.W. MADIRA
S.V.P.
R.N.R.

Rec'd 5:16 PM
7/28/94



BILL OF SALE

For and in consideration of the sum of the Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, Panther Creek Partners (the "Partnership") does hereby sell, assign and transfer unto Carol S. Muller ("Buyer"), and its successors and assigns, the units of railroad rolling stock described in Exhibit A (the "Equipment").

The Partnership hereby warrants that it has good and marketable title to the Equipment and that the Partnership's title thereto is free from all liens and encumbrances, other than liens or encumbrances created by Buyer or by persons claiming by, through or under Buyer. The description of the Equipment set forth in Exhibit A hereto is for the sole purpose of identification and is not part of the basis of the bargain.

EXCEPT FOR THE WARRANTY OF THE TITLE SET FORTH IN THIS BILL OF SALE AND THE REPRESENTATIONS AND WARRANTIES OF THE PARTNERSHIP AS TO TITLE TO THE EQUIPMENT SET FORTH IN THE AGREEMENT, THE EQUIPMENT IS BEING SOLD TO BUYER BY THE PARTNERSHIP "AS IS" "WHERE IS", WITHOUT ANY OTHER REPRESENTATIONS AND WARRANTIES, WHETHER WRITTEN, ORAL OR IMPLIED, AND THE PARTNERSHIP SHALL NOT, BY VIRTUE OF HAVING SOLD THE EQUIPMENT HEREWITH, BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OPERABILITY, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN THE EQUIPMENT.

IN WITNESS WHEREOF, the undersigned has executed this Bill of Sale as of the ____ day of _____, 1994.

PANTHER CREEK PARTNERS

BY: _____

TITLE: _____

*Carol S. Muller
Buyer*

FROM : RT SCHOONMAKER INCd

JUL. 14. 1994 12:57PM P 1
PHONE NO. : 215 844 7134

R. T. Schoonmaker, Inc.
6608 McCallum Street
Philadelphia, Pennsylvania 19119
(215) 844-2453
fax (215) 844-7134

DATE: July 14, 1994

TO: Rich Wills

FROM: Tom Schoonmaker

SUBJECT: Gons

Agreement 7/14/94 with Andy Muller:

Nine (9) gondola rail cars @ \$14,000 each = \$126,000 ✓

Bank - Pennsylvania National Bank
Pottsville, Pa.

ABA # 031-307-361

For - Hamburg Branch - 4th Street
Account # 778-70344

Brokerage fee: Travis Canfield \$500 per car x 9 cars = \$4,500
1535 Broad Run Road
Downingtown, PA. 19335

Jerry Stoneburner \$500 per car x 9 cars = \$4,500
Better Management Corp.
755 Boardman Canfield Road F-8
Youngstown, Ohio 44512

TOTAL: \$135,000

Tom
Per your request, an inspection was made of 30 flat bottom gons (hopper cars) at Tompaqua, Pa. on Monday, July 10th.

The cars were cu. ft. 4000
 average load limit 203,000
 average light weight 69,000
 36" wheel (1 wear)
 0-5 truck springs
 1 1/2" composition brake shoes
 Built between 1968-1973

Best	Average	Average	Average
41038	41005	41009	41023
41037	41033	↓ 41002	↓ 41006
41039	41021	↓ 41024	41029
41036	41008	↓ 41010	41016
41035	41004	41026	↓ 41018
41022	↓ 41028	41031	
41020	↓ 41015	↓ 41030	Reject
↓ 41027	41003	41032	41011

Actually there was little difference between any of the cars except 41011. This car had been derailed and the entire body of the car was twisted more than 3 feet.

The cars were rotary dump cars with rotary couplers on one end. They do not have any problems with couplers or draft systems, trucks, including wheels or major body damage. They will need some patch work on the floors, sides and ends.

I would be happy to help your customers arrange for this work to insure proper quality and cost.

A good feature of these cars is that they do not have interior braces of any kind which would allow better unloading of the cars in the manner you described to me.

Andy Muller told me he was not going to allow picking cars by individual numbers. You may want to talk to him about this.

Hope you feel better. I will be home Saturday but will check in with you before then.

George
P.S. Pictures enclosed

Schedule A

Nine gondola Railroad Cars Identification Numbers:

41027
41028
41015
41002
41024
41010
41030
41006
41018

Purchased by Stapleton Resource Recycling, Inc. from Reading & Nothern Railroad.